



Globalisation: a problem for progressive politics

Speech by Peter Mandelson, European Commissioner for External Trade
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I don't want to abuse the prerogative of the chair, but perhaps I can just sketch out some starting points for our discussion. In fact, I want to sound a bit of a warning about our political direction – particularly, but not only, in Europe and America.

I think this is a defining time for progressive politics and globalisation. As a political and intellectual movement we have always defended globalisation and openness as a means of eroding global poverty and creating opportunity.

But the political ground it stands on, above all in the US and Europe, risks moving away from us. Our publics are more sceptical of globalisation, even as we are surrounded by the evidence of its benefits.

A month ago YouGov and Polimetrix did some major polling for the Economist on US and British attitudes to – among other things – globalisation. More than half of the Americans polled thought that globalisation was bad for the US economy, bad for American jobs and bad for their future economic security. The figures in the UK were not much more encouraging.

This general atmosphere is compounded by a financial markets crisis, a probable recession in the US and the unpleasant spectacle of some in our societies enjoying large pay-offs for failure while others can't make the payments on their homes. That makes an intelligent assessment of the conditions for successful globalisation vital. But this is also the moment when politics risks shrugging off such an effort in favour of populism, protectionism and isolationism.

The Tata effect

The reality - and ironically the problem - for Western politics is that globalisation did pretty much what it says on the tin. It unlocked the potential of export-led growth particularly in Asia and injected a billion new people into the global labour market. It is changing profoundly the global economic balance of power. I am convinced that need not be against our interests or our values. But it unnerves us.

It has created what we might call the Tata effect. The company buying your developed world top-flight automobile company, or steel mill, could now be Indian or Chinese. For the developed world, globalisation used to be our investment flowing there: now it is their investment flowing here as well. Whatever the realities, the perception in parts of the west is that the face of globalisation is no longer American or European. It is now Chinese or Indian.

And although we have emerged from this with more jobs and bigger markets for our goods, it has not been easy for some. Rapid technological change and the loss of labour-intensive jobs can mean difficult adjustments. And our welfare states – particularly our education and social services – are only just starting – painfully in some cases – to come to terms with this change.

Globalisation for progressives

If we want to preserve openness, we need a positive politics of globalisation. A politics which defends the huge benefits of globalisation as a dynamic for growth, and opportunity for billions. But which actively addresses the new generation of political challenges that it has created. Those of you – many, I am sure – who have followed what I have said over the years will know that this has been my basic approach for some time. But I think the context has become more difficult. The club of those who really believe that progressive openness is the best way of serving our interests and values at home and abroad – and are prepared to argue the case – does not today seem to be a very popular one. We need to make the arguments so that this is seen to be a club worth joining, or at least supporting.

How do we ensure that the returns to capital from a global economy do not continue to outstrip the returns to labour? How do we prepare people for lives of more rapid economic change? How do we reform our education systems and welfare safety nets?

And how do we match this with a progressive global agenda? How does the developing world manage the competing interests of the largely urban class that globalisation is empowering and those who get left behind – usually in rural poverty?

How do we encourage an African version of the Asian development boom – something Gordon and the UK government have made a priority? How do we help African economies diversify and attract the investment they need rather than keep them locked into the commodity export dependence they have suffered for so long?

How do we win the argument in Europe and America that the openness of our economies can serve at once our interests and lift people out of poverty across the world?

At the end of the 19th century the seeds of the progressive movement came from the efforts of those in the labour and liberal movements to make something human out of market economics by making the state the guardian of equity and fairness.

The single greatest achievement of progressive politics in the 20th century was to build a society in which the individual risks that market economies exposed people to could be

managed through social welfare and health insurance. The progressive challenge in the 21st century is to do the same for globalisation. To preserve its huge collective economic benefits by making the costs bearable to those who are impacted by rapid change. It asks us to see our own economic future and sense of equity as bound up with that of billions of others we may never see. That is something politics only very rarely tries or achieves. But that is what we have to do.